



**Supporting the Growth of Community
Foundations in Bulgaria**

**Trust for Civil Society in Central and Eastern
Europe**

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Contents

Executive Summary	2
Background	2
Overall Description of Activities and Accomplishments	3
Monitoring of Matching Grants Acquisition and Overall CF Development	7
Program Successes.....	7
Remaining Challenges.....	10
Conclusions and Recommendations	12
Legacy and Replicability	12
Community Foundations Sustainability.....	12
Recommendations for Future Support of the Bulgarian Community Foundations	13
Annex 1: Community Foundations Profiles	14

Executive Summary

In September 2006, the Trust for Civil Society in Central and Eastern Europe (CEE Trust) undertook to provide follow-up assistance to ten community foundations (CFs) in Bulgaria that had been created with the financial support of USAID and technical support from Counterpart International Bulgaria in the period October 2001 – September 2006. The CEE Trust program aimed to strengthen local philanthropy by enhancing the grantmaking capacity of the Bulgarian CFs. The program was open to the members of the Association of Community Foundations in Bulgaria (ACFB), which had been created in 2005. The Association served as a technical assistance provider and promoter of standards of good practice, while the role of the CEE Trust was to support the growth of the CFs by leveraging their locally accumulated funds with matching grants for re-granting.

The program was co-funded by USAID, C.S. Mott Foundation and the CEE Trust. USAID and Mott Foundation contributed \$150,000 each to the grantmaking budget of the program. In addition, Mott Foundation provided \$90,000 for administrative costs and the CEE Trust provided \$10,000 of cost-share.

The core program activity distributed matching grants for re-granting to the CFs. The program was managed by a Program Officer, who maintained constant communication with the CFs and the ACFB. The matching grants were provided on an ongoing basis.

The USAID grant was absorbed, as planned, before the end of March 2008. Upon completion of the grant with USAID, the CEE Trust ordered a mid-program evaluation, which provided conclusions and recommendations for the follow-up support to the Bulgarian CFs that will continue until June 30, 2009 with Mott Foundation funding.

The matching grants to the CFs were disbursed at the ratio of 1:1 during the first quarter of the program, but due to the high absorption rate this policy was revised in the beginning of 2007, and the matching grant ratio was reduced to 0.5: 1. In spite of the reduced matching ratio, most CFs continued expanding their local fundraising, and increased the number of grants released per year to local organizations. They also gradually diversified their areas of grantmaking, and responded flexibly to changing community needs of funding.

The program implementation was successful in a number of ways. In addition to the enhanced grantmaking capacity of the CFs, local stakeholders recognized the high standards of transparency and accountability, which the CFs maintained. The CFs improved their visibility and credibility which increased their chances to become sustainable.

At the same time, there were a number of difficulties, which the CFs continued to experience in spite of their increased capacity for local fundraising and grantmaking. The program evaluation carried out by the CEE Trust in March 2008 showed that the CFs still lacked financial and organizational sustainability. A continued holistic investment in their organizational capacity in the following few years was recommended for their long-term survival and growth.

Background

The context in which the Bulgarian CFs emerged was characterized by a shift of sources of funding for the civil society from predominantly international sources towards national and local sources, a transition that was viewed with anxiety by the majority of the not-for-profit organizations (NPOs). In this environment, many NPOs turned their attention to private philanthropy as a potential funding source for their activities. These expectations were to a large extent premature, because private philanthropy in Bulgaria was still perceived as a direct relationship between a donor and a final beneficiary, and the role of NPOs as intermediaries in this process was not recognized. In addition, private philanthropy was predominantly campaign-oriented, humanitarian in nature, and in general not well organized. At the same time, the amounts donated by individuals and companies to various public causes on an annual basis were

on the increase in line with the economic stabilization of the country and the enlargement of the number of high net worth individuals. CFs presented one possible form of organizing local donations for civic initiatives aimed at the common good. That is why the concept was well accepted in several communities from around the country, and quickly gave some positive visible and measurable results.

The CEE Trust, an independent public charity incorporated under USA law by a group of private grantmaking foundations with a substantial track record in the region of Central and Eastern Europe, has supported the development of civil societies in seven countries (Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovenia) since 2001. The CEE Trust has assisted with grants for a large spectrum of civil society organizations and initiatives, some of which were directly related to the development of CFs (such projects were previously funded in Czech Republic, Poland and Slovenia). The CEE Trust became interested in supporting the development of CFs in Bulgaria, because the latter had demonstrated some promising results in their first years of operation. They had mobilized a significant number of local private donors to contribute to various causes related to the public good. In this way, the Bulgarian CFs had helped communities to begin addressing current problems with their own resources. At the same time, the CFs needed a few more years of targeted support in order to expand their local donor networks and enhance their capacity as local grantmakers. The matching grants, provided by USAID/CEE Trust, served not only to enlarge the total amount of funds accumulated by the CFs, but also to legitimize their mode of operation as an intermediary between private donors and grassroots organizations. The CFs needed to assert their position as intermediaries between donors and seekers of funding by establishing standards of good practice and demonstrating greater effectiveness of private donations disbursed in this way.

The objective of “Supporting the Growth of Community Foundations in Bulgaria” program was to help the CFs become effective local grantmakers. This objective was illustrated by the following sub-objectives:

- strengthen the CF grantmaking capacity and knowledge about effective grantmaking;
- stimulate the growth of the CF grantmaking funds;
- improve the recognition of the CFs as local grantmakers by different stakeholders: local donors, grassroots organizations and the community at large.

To help achieve these sub-objectives the CEE Trust provided matching grants, technical assistance and stimulated the adoption of quality standards by all financed CFs, which helped them improve their image as effective local grantmakers.

Overall Description of Activities and Accomplishments

The core activity of the program was grantmaking: competitive distribution of matching grants for re-granting to the CFs. The CEE Trust disbursed 15 matching grants to Bulgarian CFs in the period October 2006 through January 2008. The total amount of funds disbursed as matching grants in this period was \$213,583. Out of this amount, \$150,000 was contributed by USAID-Bulgaria. The amount contributed by the Mott Foundation grant for re-granting was \$63,583. The CEE Trust contributed with \$10,000 as cost-share to the USAID grant, which was used for administrative costs. USAID and Mott Foundation had agreed that USAID funds would be disbursed first owing to the Mission's closing in 2008.

List of grants made during program implementation

Grant Number	BG-CF-2006-1
Organization Name	Community Foundation Stara Zagora
Project Name	Better Future
Amount Awarded	USD 34 640,52 (cost share 1:1)
Grant Period	6 months
Description of the Project	The CF provided 14 small grants to local schools, kindergartens, and one day-care center for children with disabilities. All locally supported projects aimed at improving the environment of the public schools/kindergartens and the day-care center for children

	with disabilities, including renovation of study rooms and sports halls, purchase of new equipment, etc.
Website	www.fund-sz.org

Grant Number	BG-CF-2006-2
Organization Name	Community Foundation Gabrovo
Project Name	Building up the Future through Supporting the Realization of Youth Ideas.
Amount Awarded	USD 29 705,88 (cost share 1:1)
Grant Period	10 months
Description of the Project	The CF provided 8 small grants to local schools, kindergartens and youth organizations. Most projects aimed at improving of the environment of the public schools/kindergartens and supporting youth activities. One project was related to preparation of the students for taking part in the annual festival of humor in Gabrovo. Another project that received huge public support included renovation of the maternity ward at the regional hospital in Gabrovo and painting pictures on the walls by young volunteers.
Website	www.fond-gabrovo.veda.bg

Grant Number	BG-CF-2006-3
Organization Name	Community Foundation "Bridges over Tundzha" - Yambol
Project Name	Better Schools for Our Children
Amount Awarded	USD 17 962 (cost share 1:1)
Grant Period	3 months
Description of the Project	The CF provided 7 small grants to local schools and kindergartens. Most projects aimed at improving the environment of the public schools/kindergartens including renovation of study rooms and sports halls, purchase of new equipment, rehabilitation of school yards.
Website	not available

Grant Number	BG-CF-2006-4
Organization Name	Community Foundation Blagoevgrad
Project Name	Social Kitchen
Amount Awarded	USD 6,164 (cost share 1:1)
Grant Period	4 months
Description of the Project	The CF supported the establishment of a social kitchen for very poor people in Blagoevgrad. The kitchen provided warm food (once a day) to 40 people during the winter months (15 December-15 April). The beneficiaries were selected on the basis of income and family status, preference given to lonely people with very low social pensions, who did not receive municipal social assistance.

Grant Number	BG-CF-2006-5
Organization Name	Community Foundation Chepelare
Project Name	Christmas Magic
Amount Awarded	USD 4,422 (cost share 1:1)
Grant Period	2 months
Description of the Project	The CF provided a grant to the board of trustees of the 3 local kindergartens to purchase Christmas presents for poor children from the villages of the municipality (60 children), and Christmas decorations for the town center. The project helped to make

Website	Christmas brighter for everyone in Chepelare. www.chepelare.net
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Grant Number	BG-CF-2006-6
Organization Name	Community Foundation Pazardzhik
Project Name	To Help Vulnerable Social Groups
Amount Awarded	USD 10,990 (cost share 1:1)
Grant Period	8 months
Description of the Project	The CF provided 4 small grants to local grassroots organizations working with socially marginalized groups: Roma, poor people and people with disabilities. The first grant supported the existing food bank of the local Red Cross. The second grant supported the renovation of the building provided by local government for establishment of a permanent food bank in Pazardzhik. The third grant helped to purchase new reading equipment for the club of blind people. The last one helped improve the equipment of the community center in the Roma neighborhood.
Website	www.ofond-pz.hit.bg

Grant Number	BG-CF-2007-1
Organization Name	Community Foundation Vratsa
Project Name	To Improve Safety at Schools
Amount Awarded	USD 1,518 (CF cost-share USD 4,407)
Grant Period	3 months
Description of the Project	The CF provided 2 small grants to local schools to install video surveillance systems in their buildings and yards. The new systems for video surveillance are expected to help prevent violence and drug dealing in the schools.
Website	http://fundvratza.m-real.net/

Grant Number	BG-CF-2007-2
Organization Name	Community Foundation Lom
Project Name	Support for Initiatives that Benefit the Young Talented People of Lom
Amount Awarded	USD 2,273 (CF cost-share USD 4,545)
Grant Period	5 months
Description of the Project	The CF provided 2 small grants to local organizations working with young people. This first grant supported the activity of a youth dance club, and the second supported some interactive out-of-school activities, such as student trips to historical places, lessons in the open environment, etc.

Grant Number	BG-CF-2007-3
Organization Name	Community Foundation Pazardzhik
Project Name	Let's Be Useful
Amount Awarded	USD 5,546 (CF cost-share USD 11,091)
Grant Period	6 months
Description of the Project	The CF provided 4 small grants to local organizations for the following purposes: creation of open-air chess, sending children to a summer camp, support for integration of people from socially disadvantaged groups, support for talented children.
Website	www.ofond-pz.hit.bg

Grant Number	BG-CF-2007-4
Organization Name	Community Foundation Vratsa
Project Name	To Improve School Safety 2
Amount Awarded	USD 1,330 (CF cost-share USD 2,656)
Grant Period	2 months

Description of the Project	The CF provided 2 small grants to local schools to install systems for video surveillance in their buildings.
Website	http://fundvratza.m-real.net/

Grant Number	BG-CF-2007-5
Organization Name	Community Foundation Chepelare
Project Name	Better Future for the Children in Chepelare
Amount Awarded	USD 10,709 (CF cost-share USD 22,497)
Grant Period	4 months
Description of the Project	The CF made 3 grants to local schools and kindergartens for renovation of facilities that contributed to improvement of the education process.
Website	www.chepelare.net

Grant Number	BG-CF-2007-6
Organization Name	Community Foundation Stara Zagora
Project Name	Better Future 2
Amount Awarded	USD 32,821 (CF cost-share USD 65,643)
Grant Period	6 months
Description of the Project	The CF made 10 grants to local organizations in the spheres of education, health-care, upbringing children and youth, cultural and historical heritage, care for vulnerable women, and environmental issues.
Website	www.fund-sz.org

Grant Number	BG-CF-2007-7
Organization Name	Community Foundation Gabrovo
Project Name	Building up the Future through Supporting Realization of Youth Ideas 2
Amount Awarded	USD 27,059 (CF cost-share USD 63,119)
Grant Period	10 months
Description of the Project	The CF made 3 small grants to local organizations in the spheres of healthcare and support for talented youth. Some additional grants will be made in 2008.
Website	www.fond-gabrovo.veda.bg

Grant Number	BG-CF-2007-8
Organization Name	Community Foundation "Bridges over Tundzha" - Yambol
Project Name	Young Talents
Amount Awarded	USD 16 195 (CF cost-share USD 36,840)
Grant Period	5 months
Description of the Project	The CF provided 11 small grants to local youth organizations, especially those created and run by young people, and working to enhance youth talents. The grants supported youth sports activities, music, poetry and dance clubs, and youth environmental projects.

Grant Number	BG-CF-2007-9
Organization Name	Community Foundation Blagoevgrad
Project Name	To Lend a Hand
Amount Awarded	USD 12,308 (CF cost-share USD 24,615)
Grant Period	5 months
Description of the Project	The CF provided 4 small grants to support projects for improvement of the study environment at 2 local schools and 1 kindergarten, and 1 social kitchen for very poor elderly people.

Monitoring of Matching Grants Acquisition and Overall CF Development

All CFs that had been awarded a matching grant were visited at least once in 2007. The monitoring visits usually included meetings with a variety of stakeholders: staff and board members of the CF, local grantees of the CF, local journalists, some local donors and representatives of the local government. Such visits provided a clear picture of how the CF is positioned in the community, what its reputation is as a local grantmaker, and the immediate impact of its grants.

A commonly-shared opinion by local stakeholders was that the work of the CF as local grantmaker is important not only for the measurable results that it produces, but also with the high standards for transparency and accountability that it sets. This was especially true in the town of Lom in which local government makes efforts to control all civic activity, and to regulate access to resources for civic groups and organizations. In Vratsa, local journalists shared that the CF is the only foundation in the town not associated with corruption and hidden personal or political interests. This feedback motivated the CEE Trust to continue supporting the CFs in Lom and Vratsa in spite of their slow progress in fundraising compared to other CFs.

As seen from the list of matching grants, the bigger the number of grants which a CF provided, the larger the diversification of its grantmaking areas. Regarding the choice of grantmaking areas all CFs shared that it was determined as a cross-section between needs stated by community organizations and donor willingness to support some of these. All CFs continued to fundraise for specifically defined projects, instead of for broadly defined causes, something which they have done since their inception. Unrestricted donations were very few. Local grantees cost-share consisting of cash or in-kind was a typical requirement of all CFs.

A few of the CFs (CF Gabrovo, CF Blagoevgrad, CF Stara Zagora) have begun to form a pool of funds which has not been raised for specific projects, and can be directed to projects that originate in-between their local calls for ideas. The amounts in this pool usually did not exceed 10-15% of what was usually disbursed during the regular grantmaking rounds organized by the CF (with the exception of CF Blagoevgrad which for the first time in 2007 managed to raise a large amount of donations that were not restricted to specific projects, but to a broadly defined cause). Nevertheless, this amount enabled them to be more flexible in responding to pressing needs and supporting creative ideas.

Special attention during monitoring visits was paid on the work of the CFs' boards. All CF boards have recognized that their main role is fundraising. This was especially strongly felt by CFs that did not have full-time professional staff (Lom, Blagoevgrad, Vratsa). Those boards tried to compensate for the lack of professional employees by undertaking many technical tasks related to fundraising and grants management. However, they found it hard to be active all the time. Their fundraising efforts were mainly associated with forthcoming holidays – Easter and Christmas, or the town holiday. There were boards in which only the chairperson was active (Blagoevgrad). The change of local administration after the local elections in October 2007 impacted the work of some of the CFs which had mayors or municipal council members on their boards (Stara Zagora, Vratsa, Chepelare). The latter needed some time to familiarize the new local leaders with the work of the CF. The changes were sometimes for the better. For example, in Gabrovo, the new mayor comes from the third sector, the CF for the first time managed to organize a joint Christmas reception with the Municipality.

Program Successes

The success of the program is illustrated by the following outcomes:

1. Enhanced capacity of the CFs for local fundraising and increased number of grants made per year

The CFs supported with grants 76 local projects during the period of acquisition of the USAID grant, which served a great number of beneficiaries from the communities. The most common groups of beneficiaries included children, youth, people with disabilities, poor, elderly, and other vulnerable groups. In general, the CFs supported small grassroots organizations that did not have access to other sources of funding, and organizations looking for supplementary funding to complete a project that has expanded its previously planned scope. All CF grantees were asked to provide cost-share of cash or in-kind which stimulated some horizontal forms of philanthropy where beneficiaries actively supported the projects that benefited them.

Five out of the 10 CFs, eligible for matching grants within the program, demonstrated an enhanced capacity to accumulate donations from local sources for grant-making. There was a gradual increase in the number of grants to local organizations that the CFs provided per year. Some of the CFs (Lom, Vratsa) released their first grants ever. A gradual diversification of the areas of CF grantmaking was also observed, especially among CFs which released more than 10 grants during the year. All CFs flexibly responded to changes in the donor environment, and gradually abandoned areas of grantmaking for which there are now plenty of funds coming from the EU (for example, rehabilitation of towns'/villages' infrastructure, parks and public buildings). Each CF made special efforts to identify a grantmaking niche for which there was a scarcity of external or government funds.

CF	2007 Planned Amount in BGN	/ 2007 Actual
CF Blagoevgrad	30 000	35 000
CF Chepelare	48 160	30 000
CF Gabrovo	98 500	107 456
CF Lom	35 000	7 040
CF Pazardzhik	77 000	90 963
CF Stara Zagora	125 500	130 000
CF Sliven	60 000	data not provided
CF Tutrakan	20 000	5 000
CF Vratsa	22 500	8 180
CF Yambol	78 000	110 964

In spite of the reduced matching ratio, the majority of the CFs increased the amount of locally accumulated funds in 2007 compared to 2006. This proved that they had developed feasible fundraising strategies and that they were trusted as local grantmakers.

While the ratio of local to external sources of funding of the CF grantmaking was 54% local to 46% external sources in 2006, in 2007 this ratio changed to 76% local and 24% external sources on the average. This change was largely due to the decreased matching funding ratio. The CEE Trust was the only external donor which supported the CF grantmaking in 2007. Other external grants (from national or EU sources) which the CFs received in 2007 could not be used for re-granting purposes.

Year 2006	Grantmaking funds from local sources (USD)	Counterpart/ CEE Trust Matching (ratio 1:1) (USD)
1. CF Blagoevgrad	15,964	15,964
2. CF Chepelare	9,957	9,957
3. CF Gabrovo	59,329	59,329
4. CF Lom	4,950	4,950
5. CF Pazardzhik	35,000	17,357
6. CF Stara Zagora	60,000	44,952

7. CF Vratsa	6,090	6,090
8. CF Yambol	21,097	21,097
TOTAL	212,387	179,098
Year 2007	Grantmaking funds from local sources (USD)	CEE Trust Matching (ratio 0.5 :1) (USD)
1. CF Blagoevgrad	25,000	12,308
2. CF Chepelare	21,428	10,709
3. CF Gabrovo	69,611	27,059
4. CF Lom	4,814	2,273
5. CF Pazardzhik	45,473	5,546
6. CF Stara Zagora	92,857	32,821
7. CF Vratsa	5,843	2,848
8. CF Yambol	79,260	16,536
TOTAL	344,286	110,100

2. Expansion of the geographical focus of the majority of CFs

Most CFs based in regional centers, such as Stara Zagora, Gabrovo, Yambol, and Pazardzhik, began making grants on a regional basis. This was a natural outcome of their enhanced capacity as local fundraisers. As a result, donors based in smaller living places outside the regional center became interested in supporting the CF, and local civic groups were activated.

Two of the CFs which were originally based in small municipalities (less than 20,000 people), CF Chepelare and CF Lom, began exploring possibilities to expand their geographical structure and focus. CF Lom approached donors based in neighboring small towns (Lisichevo, Medkovets and Vulchedrum). They made initial contacts with donors in the regional center Vidin as well. The purpose was to expand the geographical scope of the foundation to cover a larger part of North-Western Bulgaria. This is one of the poorest regions in the country, and an expansion of the geographical scope of the CF will improve its access to resources. CF Chepelare established a working relationship with donors from Zlatograd. Preliminary negotiations were carried out to expand the geographical scope of the foundation to include the regional center Smolyan and the town of Zlatograd in addition to Chepelare. The CF is currently discussing a new governance structure that will match the expanded geographical focus. The CF aims gradually to expand over the entire Rhodopi mountain region, but this process will take a few years.

3. Initial planning of endowment building by the CFs

Although the building of endowment was not an objective of the USAID-funded project, the community foundations began thinking about it as a result of their enhanced capacity for local grantmaking. In 2007, for the first time since their inception, the Bulgarian CFs indicated a steady interest towards building endowments as a mechanism that will lead to sustainability in the long-term. During the year, the CFs received a series of trainings on endowment planning, building and management by the Czech consultant, Tomas Krejci, Director of the most successful CF in the Czech Republic (the CF of Euroregion Labe). The trainings were funded by a grant from the WINGS Global Fund for Community Foundations, which was won by the consortium of the 10 Bulgarian CFs. As a follow-up of this project, the CFs developed their pilot endowment building plans, which aim to test different approaches towards endowment creation in the Bulgarian environment. The CEE Trust approved an application by the ACFB, which aimed to support the pilot endowment building efforts of the Bulgarian CFs in 2008. ACFB will match in the ratio 1:1 all funds accumulated locally for endowment building within the pilot year by the CFs. Seven to eight out of 10 CFs are expected to start building their endowments in 2008.

The fundraising for endowments is going to start hand-in-hand with the ongoing fundraising of flow-through donations for immediate re-granting. The Bulgarian CFs envision that a fixed percentage of all donations that they will accumulate in 2008 will go to their endowments. This percentage will vary between 10% and 25% depending on agreements with different local donors. At the same time, the CFs shared that they will continue to rely on the external match for

immediate re-granting, which helps them to attract new local donors and expand their funding base.

4. Enhanced visibility and credibility of the CFs

The program evaluation carried out in March 2008, clearly demonstrated that the most important sustainability “assets” that the Bulgarian CFs currently have are:

- the already created human “endowment” – the community of people with energy, commitment and skills that constitute the CFs, and
- the level of visibility and credibility of the CFs as needed local institutions.

The factors which have contributed to the high visibility and credibility of the existing CFs are the following:

- High transparency and publicity on the results of supported projects of grassroots organizations;
- Regular contacts and effective work with the local media, so that people can be informed of what the CF is doing - involving media as a partner;
- Annual or bi-annual community events, which are used to report back to donors and thank them, as well as to raise new funds;
- Matching funds have helped raise the visibility of the CF as a local grantmaker, especially in the cases where fundraising was successful and there has been support for good initiatives;
- Functioning websites of most of the CFs;
- Electronic billboards in front of CF offices (in Pazardzhik and Lom) used to popularize the CF activity;
- Published annual reports, and other printed materials, widely distributed to donors and partners.

The human endowment, especially the chair persons of the CF boards, the paid staff (where available) and the executive director of the ACFB, proved to be the main driving force for the success of the CFs. The existence of the ACFB helped preserve the knowledge gained by its members and create conditions for its dissemination. It enabled sharing of experiences among the members and jointly developing strategies for the future. The main legacy of the program remains the enhanced knowledge and skills of the group of CF leaders to promote local philanthropy to new people and engage the citizens in initiatives for improving the quality of life in the communities.

Remaining Challenges

In spite of the achieved success in working towards the program objective, there are still some areas of the CF performance that need improvement:

1. CFs continue to experience problems with fundraising for administrative costs

The fundraising for administrative costs from local sources remained a problem for the CFs. The matching grants currently cover a very small amount for administrative costs (not more than 5% of the entire project budget). The CFs' established policy is to deduct not more than 10% of each local donation for administrative costs. Having in mind the relatively small amount of donations accumulated by some CFs, the amount which they deduct for administrative costs is not enough to cover one full-time professional staff member. Even CFs which raise more than \$70,000 per year (BGN 100,000) share that 10% of this amount hardly covers their administrative costs. And a higher percentage is not considered reasonable to use for admin costs, because many local donors will be driven away.

This problem is partially solved by using temporary employees supported by government programs for increasing youth employment. However, these employees are not very efficient; they stay with the CF from 6 months to maximum 1 year, and if the CF is not able to secure additional funding for continuing their contract, they leave. In the meantime, the CF has invested in training of these employees, but it is not able to make long-term use of their enhanced skills.

Another way of covering the administrative costs of the CF is by applying for project implementation grants. This option has been actively explored by some CFs after the launch of the EU structural funds to Bulgaria. Only two CFs have so far obtained EU money. CF Yambol won a small grant from the Youth Program administered by the State Agency for Youth and Sport to train young volunteers for creation of youth banks. CF Pazardzhik was the first among the CFs to win a large grant (about USD 100,000) from the Administrative Capacity Development Program which is to be absorbed in 2008. The EU programs cannot be overlooked as an available source of funding for the CFs. The question which remains is what kind of programs will be useful for the CFs in strengthening their position as local grantmakers, and which programs will compromise this identity.

A solution of the problem with the CF administrative costs that fits all has not been identified. The majority of the CFs currently rely on part-time staff and extensive technical support from their Managing Boards to compensate for the lack of full-time professional staff. This inevitably affects the growth of the CFs and their capacity as local grantmakers.

2. The scope and impact of some CFs' grantmaking is questionable

The program evaluation raised some issues regarding the scope and impact of CFs' grantmaking. First, the CFs continue to raise money for specific projects rather than for broader causes, and the grantees are commonly identified before the fundraising for their projects takes place. This is not grantmaking in the classical sense. The Bulgarian CFs operate as intermediaries between the donors and the beneficiaries, matching specific donor interests with specific projects, and thus activating local philanthropy for specific preliminary identified objectives. There are some limitations to this approach. The main limitation is that unrestricted donations are rare, which gives little freedom to the CF to respond to pressing community issues, or to support creative and innovative projects that do not correspond to their current donors' interests.

Another issue is related to the impact of the CF grantmaking. Half of the CFs are currently not able to answer the question whether their local grantmaking makes a difference in the community that they serve. Some CFs like CF Lom and CF Vratsa disburse only 3 to 5 grants per year amounting to USD 10,000 (BGN 10-15,000) in total. The effect of such limited grantmaking is hard to determine. Even the largest grantmakers, which distribute between USD 100,000 – 130,000 (BGN 120,000 and 150,000) per year (CF Gabrovo, CF Stara Zagora, and CF Yambol) indicate that this size of financial output is insufficient to address effectively the needs of their target group of grantees and it should be doubled in the next 3 to 5 years. A conclusion can be drawn that even though some CFs achieved visible success in local fundraising, all CFs must continue working hard for increasing the amounts of locally accumulated funds, in order to perform more effectively as grantmakers.

3. No clarity of vision for the future of the CFs

Although all of the currently supported by the CEE Trust CFs have committed to continue their work as local grantmakers serving a wide platform of local needs in the long run, they lack a specific vision about the type of CF that they will be regarding:

- Ratio between operational and grantmaking programs,
- Size of the financial and human resources,
- Mechanism for sustainability.

Only two of the eight active CFs have updated strategic plans for the period 2007-2012, but the latter do not contain very specific information regarding the above questions.

The local fundraising of the CFs is still very much dependent on the external matching funding. Most CFs shared that the external matching is the decisive factor which motivates people to donate. The question arises how many of the current donors of the CF will continue donating to the CF instead of directly to the final beneficiaries when the matching funding ceases to exist. The CFs believe that they need a few more years of external leveraging of funds raised locally in order to prove to their donors that the CF adds value to the process of local giving by selecting the best projects to be funded and the most trustworthy beneficiaries, by exercising control over the donor's funds and ensuring their transparent and effective usage. At the same time, no CF

has a clear plan how to compensate for the lack of external matching grants when the latter cease to be provided.

Financial sustainability of the CFs through relying primarily on local sources of funding does not seem a foreseeable goal yet. Local fundraising is insufficient for covering the administrative costs of the CFs, and in some cases – too small for running an effective grantmaking program. At the same time, the most abundant external sources of funding in the next few years will be coming from the EU, but as a rule they cannot be used for grantmaking purposes. Thus, all CFs will be challenged to find a balance between local fundraising and applying for EU grants in reinforcing their identity of local grantmakers. The Bulgarian CFs have still not explored typical sources of income used by community foundations in other countries, such as bequests, planned giving programs, real estate donations, diaspora giving, etc. Exploring all these sources and building a feasible sustainability strategy remains a challenge for the CFs in the short-term of 1 to 3 years.

Conclusions and Recommendations

Legacy and Replicability

Replicability of the CF concept in new communities around Bulgaria is currently not foreseeable without external financial support. Some potential replication could be expected with the gradual growth of local philanthropy, when a sufficient number of donors recognize the need of intermediaries in giving. The dissemination of the existing knowledge and skills of the CFs by their Association strongly depends on the availability of external grants that will allow the Association to liaise with new communities. The Association has the potential (people with knowledge and skills) to play the role of a mentor of new CFs, but it lacks the financial resources for undertaking this task.

The main legacy of the program remains the endowment of people with knowledge, skills and commitment to develop further their CFs as trustworthy local grantmakers. These people have contributed to the success of the existing CFs and will eventually assist the creation of new ones when favorable conditions exist for doing so.

Community Foundations Sustainability

All Bulgarian CFs have deficiencies in key resource-development areas that were not overcome within the just completed USAID-funded program, and need to be taken into account in designing the follow up support together with Mott Foundation.

- *Operational costs:* lack of professional and paid staff, and the challenge of raising resources for administrative costs. A priority issue remains the development of human resources. Without them no spectacular growth can be expected. Expectations that eventual endowments interests will provide for this are not realistic in the coming 3-5 years.
- *Resources for grants programs:* Most CFs still raise funds for specific projects rather than for broader causes, which limits the scope of their grantmaking. Half of the CFs have not developed strategic plans which link the growth of their financial resources with critically selected areas of grantmaking. More than half of the CFs are not yet clear about the size and scope of local grantmaking that will make a difference in their community.

In view of the above deficiencies, the Bulgarian CFs need to:

- Continue developing their local grantmaking and enlarging the amounts of funds accumulated for grantmaking purposes from local donors: some CFs (especially Lom and Vratsa) need to

increase the number of grants made per year three to five times compared to current level in order to justify their existence as local grantmakers.

- Adopt a flexible approach towards challenges in the environment and existing opportunities related to the abundant EU funds: combining local fundraising with usage of EU grants to be able to cover operation costs, without compromising their identity of community foundations.
- Develop a strategic plan about the mechanism that they will use (endowment or other) for achieving sustainability.

Recommendations for Future Support of the Bulgarian Community Foundations

The program evaluation concludes that the planned benchmarks for the progress to be achieved within the USAID-Mott program supporting the growth of the Bulgarian CFs (July 2006-June 2009) were probably too optimistic. The withdrawal of institutional support grants to the CFs after the closure of the previous USAID-funded program (Bulgaria Community Fund Program, October 2001-September 2006) was premature. The CFs have just started to consolidate their identities as local grantmakers and experiment with approaches that will ensure their survival and growth in the future. The matching grants for re-granting were important for increasing the CFs' capacity for local fundraising and distribution of grants, but have not assisted other critical aspects of the CF development, such as the development of human resources of the foundations and a clear vision for organizational sustainability. The evaluation suggests that CFs need a few more years of targeted holistic support, combining different mechanisms for stimulating their organizational development with more realistic benchmarks. For example, matching grants for re-granting could be provided in combination with institutional grants given under different conditions to the different CFs, to fit their individual needs. In this way, the CFs will have more chances to pass successfully the survival stage and to enter the growth stage that will gradually lead to sustainability.

Support to the Bulgarian CFs in the next 3 to 5 years should be based on the following principles:

- Reflecting the differences between CFs in terms of their level of development, achievements/deficiencies of each organization, and type of locality. It should be flexible and challenge based. It should be motivational for institutional growth, not just growth of funds raised.
- Stimulating jointly three areas of institutional growth: human resource development, grantmaking and sustainability (endowment building). Fragmented support for one area will not be so effective, especially with the experience with insufficient growth of grantmaking capacities in this stage.
- There should be a clear and jointly negotiated withdrawal strategy of decreasing the support in each of the areas, or in general with the growth of CF capacities to maintain the desired performance level on their own. This strategy needs to be negotiated at the start, rather than in the middle of the process. Benchmarks in key institutional sustainability areas need to be established for each CF or per type of CFs.
- The Bulgarian CFs should be linked with experience, lessons learned and practitioners from other countries in the CEE, such as Poland, Slovakia, Czech Republic, by providing for training on-the job, job-shadowing, and availability of a personal mentor over a longer period of time, etc.

Annex 1: Community Foundations Profiles

1. Community Foundation Blagoevgrad Legally registered in December 2002

Address: Blagoevgrad 2700; 23 Todor Alexandrov Str, fl. 3, office 34, e-mail: obf_bld@yahoo.com

Contact person: Tania Tsvetkova, Chairperson of the Managing Board, mobile: +359 888 843 656

Human Resources:

Paid staff: 0

Organizational Structure: Managing Board of 7 people; Board of Trustees of 9 people and Council of Donors of 46 people.

Financial resources:

The local fundraising of CF Blagoevgrad has increased in the last 2 years. In the beginning of 2008 for the first time the CF raised a considerable amount of funds (USD 85,000) for a broadly defined cause, children and youth sports, and planned to organize a competitive process of identifying potential project implementers.

Material Resources:

Office of 43 square meters in the central shopping street of the town provided by the municipality for 5 year low-rent use. Office equipment: 2 PCs, 2 laser printers, scanner, 2 telephone and fax machines, copier and multimedia projector.

Non-material Resources:

Good working relationship with local government and influential local NGOs; using volunteers from the local youth parliament for some of its campaigns; about 35 young people have assisted the various activities of the CF. Local media recognize that the CF is one of the local NGOs whose activity is most visible and beneficial for the community.

2. Community Foundation Chepelare Legally registered in August 2002

Address: Chepelare 4800, 1 Dicho Petrov Street, e-mail: office@chepelare.net

Contact person: Ekaterina Yankova, Executive Director, mobile: +359 885 835 921

Human Resources

Paid Staff: 0

Organizational Structure: Managing Board of 7 people; Board of Trustees of 9 people; Council of Donors of 20 people.

Financial resources:

After withdrawal of local government financial contributions to some of the projects of the CF, the amounts raised locally decreased in the last 2 years from about USD 60,000 per year to about USD 30,000 per year. Local government used to pay the salary of the Executive Director of the CF in the first 5 years after its creation, but stopped doing so with the change of Mayor in the local elections of 2007.

Material Resources:

Office of 45 square meters near the central square of Chepelare; provided by the Municipality for 10 year rent-free use. Office equipment: 2 PCs, 1 laser printer, 1 telephone and fax, and 1 digital camera.

Non-material Resources:

Very good working relationship with the Association of Hotel and Restaurant Owners in Chepelare and the regional Tourism Union; about 20 external volunteers (mostly students) have assisted the various activities of the CF. The mutually beneficial cooperation with local government needs reinvigorating.

3. Community Foundation Gabrovo **Legally registered in November 2002**

Address: Gabrovo 5300; 18 Radetska Street, fl. 3, tel: +359 66 864 076, e-mail: fundgb@mbox.digsys.bg

Contact person: Galina Bankovska, Chairperson of the Managing Board, mobile: +359 898 543 012

Human Resources:

Paid Staff: temporary coordinators under funding schemes, no full-time Executive Director.

Organizational Structure: Managing Board of 7 people; Board of Trustees of 9 people; Council of Donors of 47 people, 2 other permanent volunteers (former employees).

Financial resources:

Over USD 85,000 (BGN 100,000) raised locally from private sources in the last two years. Fundraising capacity of the CF clearly growing. The CF began to develop a pool of unrestricted funds for innovative project ideas, which have not been presented to the potential donors beforehand.

Material Resources:

Office of 40 square meters in the central part of the town, provided rent-free by local government. Equipped with 1 PC, 1 laser printer, 1 scanner, 1 telephone and fax machine, and 1 digital camera

Non-material Resources:

Over 30 volunteers from local secondary schools; very strong relations with local government and local media; very good working relationship with other charitable NGOs: local Rotary Club and women's association "Mothers' Care". Good public standing. In 2006, the CF signed an agreement with YMCA Gabrovo to use their volunteers - more than 100 young people. The new Mayor elected in 2007 supports the CF's work.

4. Community Foundation Pazardjik: **Legally registered in December 2003**

Address: Pazardzhik 4400; 6 Ekzarh Yossif Street, tel: +359 34 444 138; e-mail: ofond_pz@abv.bg

Contact person: Haryun Ashikian, Executive Director, mobile: +359 888 986 138

Human resources:

Paid staff: hired within operational projects, no full-time staff for running the CF's primary activities.

Organizational Structure: Managing Board consisting of 7 people; Council of Donors consisting of 42 people and Control Council consisting of 3 people.

Financial resources:

The CF fundraising capacity steadily grows, about USD 85,000 (BGN 100,000) raised from local private sources in the last 2 years. In December 2007, the CF began fundraising for an endowment.

Material Resources:

Office of 40 square meters on the main shopping street in the town. The office rent and cost of utilities is shared with the Lion's Club. The office has a video screen which broadcasts information about local NGO activities, as well as business advertisements, thus raising funds for the CF's operations. The office is equipped as a mini-studio with 5 PCs, 3 of them with professional software for video clip production; 1 laptop, 1 multimedia projector, 3 printers, 1 copy machine, 1 scanner, 1 video camera, 1 telephone and fax machine.

Non-material Resources:

Strong relationship with local government, local media, Lion's Club and local businesses; The CF is perceived as a supporter by many local NGOs, which ask for assistance with project development and/or partner with the CF in various projects. The 2 cable TVs broadcast for free their news announcements on the video wall operated by the CF. The CF is a member of the municipal Public Council for Cooperation which includes NGOs and local government, and of the National Business Association.

5. Community Foundation Stara Zagora
Legally registered in July 2003

Address: Stara Zagora 6000, 14 Graf Ignatiev Street, tel: +359 42 602 155; e-mail: office@fund-sz.org

Contact person: Daniela Dimitrova, Executive Director, mobile: +359 887 473 883

Human resources:

Paid Staff: 3 full-time staff (Executive Director and 2 Assistants).

Organizational Structure: Managing Board consisting of 27 people; Board of Trustees consisting of 22 people and Council of Donors consisting of 97 people.

Financial Resources:

CF Stara Zagora is the strongest fundraiser among all the CFs, with over USD 100,000 (BGN 120,000) raised from local sources in the last 2 years. Nevertheless, it continues to raise funds for specific projects rather than for broadly defined causes. The CF does not consider funding an endowment sensible without external matching funds.

Material resources:

Office of 120 square meters in a central location, equipped with 3 PCs, 1 scanner, 1 printer, telephone and fax machine, 1 copy machine, 1 conference room. The CF hosts the ACFB.

Non-material resources:

Over 50 young people have assisted the various activities of the CF in the last 3 years. The CF is very well positioned as an NGO coordinator and representing local NGOs in front of local government. It has a very good working relationship with local government and local media. Two years ago the CF successfully lobbied the local government to create a budget line for supporting NGO activities in the municipal budget.

The CF of Stara Zagora is already recognized as a driving force for the third sector development in Stara Zagora. It invests in innovative projects, unites previously unconnected stakeholders, and creates linkages that last.

6. Community Foundation Tutrakan
Legally registered in January 2004

Address: Tutrakan 7600; 20 Transmariska Street, e-mail: fund_tutrakan@abv.bg

Contact person: Kalina Gruncharova, Executive Director, mobile: +359 898 628 376

Human Resources:

Paid Staff: 0

Organizational Structure: Managing Board of 7 people; Council of Donors of 10 people and Board of Trustees of 5 people.

Financial Resources:

The CF did not apply for any matching grants in 2007 and recently reported that USD 3,500 (BGN 5,000) was raised for a specific project in 2007. The CF did not show any growth in its fundraising capacity over the last two years.

Material Resources:

Office of 46 square meters, provided by Rotary Club Tutrakan, furniture donated by Alliance Bulgaria. The office is equipped with 1 PC, 1 laptop, multimedia, printer, telephone and fax.

Non-material Resources:

The CF partners with the local newspaper "Tutrakanski glas", with the local educational and cultural institutions and with the local hospital.

In 2006, the CF signed a partnership agreement with the local Rotary Club for long-term collaboration. Its relationship with local government is very challenging and this retards the CF's growth.

7. Community Foundation "Stote Vojvodi" Sliven
Legally registered in March 2004

Address: Sliven 8800, 1-1 Hadzhi Dimitar Blbv, fund_sliven@abv.bg

Contact person: Maria Grigorova, Board Member, mobile: +359 888 409 811

This CF started as the personal initiative of the Mayor of Sliven, Yordan Lechkov. It participated in several trainings and capacity building activities with the other CFs over the period 2005-2006, with the purpose to transform itself into a CF. Nevertheless, it continued to operate under the strong influence of the Mayor. For this reason, it was not considered for matching funds by the CEE Trust. Data about its current human and financial resources is not available.

8. Community Foundation Lom
Legally registered in October 2005

Address: Lom 3600, 2 Slavyanska Street, fl. 2, e-mail: fund_lom@abv.bg

Contact person: Krasimira Nikiforova, Executive Director, mobile: +359 897 965 891

Human Resources:

Paid Staff: 0

Organizational Structure: Managing Board consisting of 11 people, and other founders – 35 people altogether. There is a consultative body open to all citizens.

Financial Resources:

The CF decreased the amount of funds raised locally in 2007 compared to 2006 owing to the departure of the first Executive Director who started the CF with much enthusiasm. The absence of paid staff in the last year affected negatively the growth of the CF. In the poor community of Lom the survival chances of the CF are linked to the potential geographical expansion to other communities of North-Western Bulgaria.

Material Resources:

The CF opened an office at Chitalishte "Postoyanstvo" in the center of Lom. The office is equipped with 1 PC, telephone and fax machine, printer, scanner. In 2006 they created a public video wall operated by the CF and located in front of the Chitalishte. In relation to that the CF purchased multimedia, video camera and another computer.

Non-material Resources: very good working relationship with the Chitalishte "Postoyanstvo" Challenging relationship with local government. The CF still struggles to be recognized as an independent local institution that acts unhindered by the Mayor's policy.

9. Community Foundation Vratsa **Legally registered in November 2005**

Address: Vratsa 3000, 8 Iskar Street, tel: +359 92 621 818, e-mail: fund_vratza@abv.bg
Contact person: Sonya Angelova, Chairperson of the Managing Board,
mobile: +359 898 728 579

Human Resources:

Paid Staff: 1 office manager, hired within a program for decreasing unemployment. It is not yet clear if the CF will manage to keep this employee when the government sponsorship ends.

Organizational Structure: Managing Board of 5 people and Council of Donors (5 people) currently coordinate all activity as volunteers. The total number of founders is 17 people.

Financial Resources:

CF Vratsa is not using its full potential for fundraising. Funds raised in 2007 were much below the expectations. The presence of strong businesses in the municipality allows for better fundraising - if the CF board members utilize their contacts.

Material Resources:

The CF opened an office in the town center; the room is provided by the regional government and equipped with 1 PC, telephone and fax machine, printer, scanner, under a seed grant provided by Counterpart/USAID.

Non-material Resources:

Very good working relationship with the municipality of Vratsa, the initiative group for creating the CF consisted exclusively of Municipal Council members. They attracted key figures from the business sector in the Council of Donors, and this facilitated attracting the first donations.

10. Community Foundation "Bridges over Tundzha" Yambol **Legally registered in November 2005**

Address: Yambol 8600, 14 Alexander Stambolijski Street, tel: +359 46 662 881, e-mail: ofmostove_tundja@abv.bg
Contact person: Yana Stoeva, Executive Director, mobile: +359 887 522 501

Human Resources:

Paid Staff: 1 full-time Executive Director; 2 permanent volunteers (students).

Organizational Structure: The Managing Board consisting of 7 people; Council of Donors consisting of 49 people.

Financial Resources:

CF Yambol developed as one of the strongest fundraisers over the last 2 years, with annual budgets around USD 85,000 (BGN 100,000). This is largely due to the commitment of the members of the Managing Board, who have explored all possible sources at the local level.

Material Resources:

The CF opened an office of 2 rooms, provided by the municipality of Tundzha, equipped with 1 PC, telephone and fax machine, printer, scanner, under a seed grant provided by USAID/Counterpart International.

Non-material Resources:

The CF has a very good working relationship with the municipality of Tundzha, with some active NGOs in town and with the local media. The CF is perceived as one of the most active agents in the third sector of Yambol, and as a local grantmaker helping small grassroots organizations.